



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
HERBERT HADAD, MEGAN GAFFNEY
HEATHER TASKER
PUBLIC INFORMATION OFFICE
(212) 637-2600

**LAWYER CONVICTED IN U.S. COURT FOR VANISHING CREAM SCHEME;
INTENDED TO MAKE INVESTOR'S FUNDS, NOT WRINKLES, DISAPPEAR**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced yesterday's conviction of GEORGE S. BALIS, an attorney, Columbia Law School graduate, and the Chairman and CEO of Millennium Direct, Inc. ("Millennium Direct"). BALIS was convicted of conspiracy, securities fraud and wire fraud, in connection with a scheme to defraud an investor out of \$300,000 and concealing hundreds of thousands of dollars in a kickback scheme.

The evidence at trial showed that BALIS conspired with another attorney, David Appell, to obtain a \$300,000 loan to Millennium Direct, from an investor introduced to BALIS by a broker. Following his introduction to the investor, BALIS used false statements, misrepresentations and fraudulent documents to secure the loan from the investor. BALIS told the investor that the loan would be for the purpose of airing an anti-wrinkle skin cream infomercial and for producing and packaging the cream. In fact, BALIS planned to kickback more than \$170,000 of the loan proceeds to the broker and other undisclosed parties and to pocket most of the remaining loan proceeds. Unbeknownst to BALIS, the

broker was a confidential informant working at the direction of the FBI and the purported investor was an undercover FBI agent.

Today's guilty verdict marks the most recent conviction resulting from Operation Wooden Nickel, a broad-ranging federal investigation that has resulted in the trial convictions of three defendants and guilty pleas from an additional 30 defendants. To date, charges remain pending against 12 other defendants, who await trial.

BALIS, 58, resides in Edgewater, New Jersey. He is scheduled to be sentenced by United States District Judge GERALD E. LYNCH on October 28, 2005. BALIS faces a maximum sentence of 30 years in prison, a fine of \$250,000 or twice the gross loss or gain resulting from the offense, and mandatory restitution.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation.

Assistant United States Attorneys BRIAN COAD and JOSHUA KLEIN are in charge of the prosecution.

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